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2009

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Recommended Citation

Scott Dodson, *What Kinds of Statutory Restrictions are Jurisdictional?*, 37 *Preview of United States Supreme Court Cases* 34 (2009).
Available at: http://repository.uchastings.edu/faculty_scholarship/1033

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Case at a Glance

Section 411(a) of the Copyright Act of 1976 provides that “no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made.” In this case, a district court approved a class action settlement that purported to resolve both registered and unregistered copyright claims. The Supreme Court is being asked to decide whether that registration requirement is a limitation on federal court subject-matter jurisdiction.



What Kinds of Statutory Restrictions Are Jurisdictional?

by Scott Dodson

PREVIEW of United States Supreme Court Cases, pages 34–38. © 2009 American Bar Association.

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ISSUE

Does section 411(a) of the Copyright Act restrict the subject-matter jurisdiction of the federal courts over copyright infringement actions?

FACTS

In *New York Times Co. v. Tasini*, 533 U.S. 483 (2001), the Supreme Court held that § 201(c) of the Copyright Act does not permit publishers to reproduce freelance works electronically without specific permission from the authors. Shortly after *Tasini*, three preexisting class action infringement suits and one subsequent class action suit were consolidated in the Southern District of New York. The plaintiffs are authors and trade groups representing authors. The defendants are companies that publish original electronic content, such as the *New York Times*, and companies that

operate electronic databases of that content, such as Reed Elsevier.

The plaintiffs produced written works for the defendants on a free-lance basis, licensed only for print publication. Without the plaintiffs’ specific permission, the defendants also published the works electronically, ostensibly in violation of *Tasini*. Hence, the plaintiffs claimed damages for copyright infringement.

Settlement negotiations commenced, and the parties reached an agreement. The settlement divided the plaintiffs into three categories. Category A claims concerned copyrights registered prior to any infringement and thus eligible for statutory damages and attorney’s fees under § 412. Category B claims concerned copyrights that were timely registered after infringement, thus qualifying for actual damages only. Category C claims concerned all other works, most of which were never registered. The overwhelming majority of works at issue fell into Category C, though it appears that the class representatives hold a relatively disproportionate percentage of the Category A and B works.

REED ELSEVIER, INC. v. MUCHNICK
DOCKET NO. 08-103

ARGUMENT DATE:
OCTOBER 7, 2009
FROM: THE SECOND CIRCUIT



The agreement assigned a damages formula to each category. Category A claimants were to receive a flat fee. Category B and C claimants were to receive the greater of either a flat fee or a percentage of the original price of the work, but if the cost of all claims and administrative expenses exceeded \$18 million, then the amount paid to Category C claimants would be reduced before the claims of the other categories were affected. In return for payment, the agreement would grant irrevocable, transferable, and perpetual licenses for electronic use of the class members' work.

Having reached agreement, the parties moved for class certification and settlement approval under Rule 23 of the Federal Rules of Civil Procedure. Ten individual authors objected to the motion on the ground that the settlement was unfair to Category C claimants. The named parties countered that the Category C claimants had essentially worthless claims under § 411(a) of the Copyright Act (17 U.S.C. § 411(a)), which states that “no action for infringement ... shall be instituted until preregistration or registration of the copyright claim.”

The district court certified the class and approved the settlement. The objectors appealed, again challenging the fairness of the settlement. The Second Circuit, however, in *In re Literary Works in Electronic Databases Copyright Litigation*, 509 F.3d 116 (2d Cir. 2008), vacated the certification and settlement on the ground that the district court lacked jurisdiction. The court, relying primarily on circuit precedent, held that § 411(a) imposed a jurisdictional prerequisite to the filing of an infringement claim in federal court. It also held that each claim within the certified class must meet the registration requirement, and that supplemental jurisdiction

under § 1367 of title 28 of the U.S. Code could not extend to the unregistered claims. Judge John Walker dissented and would have held § 411 to impose a nonjurisdictional requirement that the defendants waived.

The defendants petitioned for certiorari, joined by the plaintiffs and objectors. The Supreme Court granted certiorari and, because all parties opposed the Second Circuit's judgment, appointed Professor Deborah Jones Merritt, of the Ohio State University School of Law, to argue as amicus curiae in support of the judgment.

CASE ANALYSIS

Both the petitioners (the defendants below) and the respondents (the plaintiffs and objectors below) argue that § 411(a) imposes a nonjurisdictional precondition that may be waived. The court-appointed amicus, arguing in support of the Second Circuit's judgment, contends that the rule is jurisdictional and nonwaivable, and thus must be enforced by the court even if no party wishes it to be.

Several factors can inform whether a rule is jurisdictional (and thus nonwaivable) or nonjurisdictional (and thus, presumably, waivable). Statutory text, statutory context, the focus of the rule, whether it separates classes of cases or provides a mechanism for the processing of claims, the policies behind the rule, and historical treatment are all factors that the Court has used in the past to aid the jurisdictional characterization inquiry.

According to the petitioners, characterizing § 411(a) as nonjurisdictional is supported by its text. Section 411(a) uses the phrase “shall not be instituted” (language often characterized as nonjurisdictional) instead of specific jurisdic-

tion-limiting language (such as “no court shall have jurisdiction”). The Supreme Court, in *Rockwell International Corp. v. United States*, 549 U.S. 457 (2007), and *Arbaugh v. Y&H Corp.*, 546 U.S. 500 (2006), previously imposed a presumption against jurisdictionality unless the statute clearly employs jurisdictional language. The language of § 411(a) does not clearly use jurisdiction-limiting language, and so, the petitioners argue, the presumption should apply. By contrast, they point out, § 1338 of title 28 of the U.S. Code expressly confers exclusive jurisdiction over copyright claims on federal district courts and does not limit that jurisdiction only to registered copyrights.

Statutory context both supports and undermines a nonjurisdictional characterization. As the petitioners argue, the Copyright Act refers to § 411(a) as a “requirement” in § 501(b) even while in § 502(a) it refers to the “jurisdiction” of the district court. Indeed, § 411(a) itself expressly addresses the “jurisdiction” of the court to determine the registrability of the copyright claim, and thus § 411(a)'s failure to designate registration as “jurisdictional” suggests that it is not. The court-appointed amicus, on the other hand, argues that the mention of jurisdiction in one part of § 411(a) means that § 411(a) in total is a jurisdictional provision, and thus the limitations imposed by it are also jurisdictional.

The petitioners argue that the focus of § 411(a)—on party actions rather than court actions—supports a nonjurisdictional characterization. The provision prevents a party from instituting suit prior to registration. Registration involves a party's submission of a photocopy of the work to the Copyright Office, an application for registration, and a fee.

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Institution of suit obviously involves a party's filing of a complaint and service upon the defendants. Thus according to the petitioners, § 411(a) is directed at party actions, not court power. Jurisdictional rules typically address the latter.

The amicus counters that § 411(a) separates classes of cases, namely, claims based on registered works and claims based on unregistered works. Jurisdictional rules tend to delineate classes of cases, while nonjurisdictional rules tend to control modes of relief or mechanisms to process claims already under a court's adjudicatory authority.

The amicus argues that the underlying policies of § 411(a) support a jurisdictional characterization. Often, a rule that protects system or societal values comes with a jurisdictional characterization because those values are too important to be left to the whims of individual litigants. On the flip side, a rule that addresses the rights and obligations of parties generally is nonjurisdictional and may be waived by them at their pleasure. Here, a primary function of § 411(a) is to ensure—by providing the registrant with a right to sue—that the Library of Congress maintains copies of U.S. works that are available to the public. That purpose is public and furthers the societal value of maintaining copies of works. The amicus therefore argues that if the registration requirement of § 411(a) were subject to the whim of private parties, they could devise ways to retain their litigable claims while circumventing the burdensome registration process and its filing fees, while in the process undermining the ability of the Library of Congress to maintain a repository of works for the public. As a result, she contends, protection of that public function of § 411(a) requires

a jurisdictional characterization of the rule.

The amicus also argues that a jurisdictional characterization comports with nearly 100 years' worth of lower federal courts, legislators, and copyright experts characterizing § 411(a) as jurisdictional. Although she does not point to any U.S. Supreme Court cases characterizing it as such, she does argue that no court has ever held the registration requirement to be waivable.

Both the petitioners and the respondents make separate and additional (and not entirely covered by the question presented for certiorari) arguments in opposition to the Second Circuit's judgment. The petitioners and amici publishers supporting reversal assert that § 411(a), even if jurisdictional, only prohibits the "institution" of a claim, not the release of one. Membership in a class is not the equivalent of filing a claim, the petitioners argue, and therefore the district court had the power to approve a settlement that releases the never-before-"instituted" claims, even if it would not have had the power to adjudicate them. The amicus counters that such a reading would essentially vitiate jurisdictional limits by allowing federal courts to resolve by settlement claims that they do not have the power to adjudicate.

Similarly, the respondents make the ancillary argument that even if § 411(a) withdraws original federal question jurisdiction, the supplemental jurisdiction statute of 28 U.S.C. § 1367 extends federal jurisdiction over unregistered copyright claims when they are joined with registered copyright claims. Relying on *Exxon Mobil v. Allapattah Services*, 545 U.S. 546 (2005), which rejected the view that a district court lacks jurisdiction over a civil action unless it has original

jurisdiction over every claim in the complaint, the respondents argue that the district court had jurisdiction to approve the settlement because it had original federal question jurisdiction over class members' registered copyright claims and, thus, supplemental jurisdiction over class members' unregistered copyright claims, even if § 411(a) would have prevented the district court from hearing those unregistered copyright claims by themselves. The amicus responds that the registered claims and the unregistered claims do not form part of the same "controversy" and thus fail to meet that requirement of the supplemental jurisdiction statute.

The respondents' argument also runs up against the Second Circuit's reasoning that the supplemental jurisdiction statute cannot confer subject-matter jurisdiction when expressly withdrawn by Congress. Congress provided for supplemental jurisdiction "[u]nless expressly provided otherwise by Federal statute." The Second Circuit reasoned that § 411(a) is a federal statute that withdraws subject-matter jurisdiction and thus "expressly provide[s] otherwise."

The United States, arguing in support of the petitioners as amicus curiae, takes a moderated approach. The United States agrees that § 411(a)'s limitation is nonjurisdictional. However, coupling the emphatic language of § 411(a) with its public function, the United States argues that § 411(a) might nevertheless have the jurisdictional attribute of requiring district courts, in most cases, to raise the issue *sua sponte* if they become aware of the defect before final judgment. The United States maintains, however, that § 411(a) cannot be invoked after final judgment to undo the class settlement here.



SIGNIFICANCE

The case has both specific and broad significance. Most specifically, an affirmance will unravel a settlement that both compensates authors for the electronic publication of their works and allows electronic databases to disseminate widely hundreds of thousands of freelance articles to the public. An affirmance might also force electronic databases and publishers to purge all articles that may have been written by freelance authors so as to avoid future liability.

Slightly more broadly, the decision may affect how class action copyright infringement claims are brought when some claims are based on unregistered works. A jurisdictional ruling will prevent those claims from being heard and may prevent the entire case from being resolved, even if all parties wish to have a global settlement. A nonjurisdictional ruling will allow federal courts to resolve unregistered copyright claims, perhaps even those filed in violation of § 411(a), if the restriction is waived or forfeited by the defending party.

Most broadly, the case has the potential to clarify a long line of inconsistent Supreme Court precedent on the nature of jurisdictionality.

A decade ago, in *Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83 (1998), the Supreme Court recognized that “jurisdiction is a word of many, too many, meanings.” That recognition stemmed from the Court’s own previous conflation of “jurisdiction” with non-jurisdictional terminology, such as “mandatory” or “important,” as in cases such as *United States v. Robinson*, 361 U.S. 220 (1960).

From 2004 to 2007, the Court decided four cases that attempted to

bring clarity to the doctrine of jurisdictional characterizations.

Kontrick v. Ryan, 540 U.S. 443 (2004), held that Bankruptcy Rule 4004, which gives a creditor 60 days to object to a debtor’s discharge, is a nonjurisdictional limit that could be forfeited. The Court admonished that clarity would be facilitated if courts and litigants used the label “jurisdictional” not for claim-processing rules, but only for prescriptions delineating the classes of cases falling within a court’s adjudicatory authority. That same year, *Scarborough v. Principi*, 541 U.S. 401 (2004), held that the requirements governing attorney-fee applications under the Equal Access to Justice Act are not jurisdictional because they relate to postjudgment proceedings auxiliary to cases already within the court’s adjudicatory authority. The following year, *Eberhart v. United States*, 546 U.S. 12 (2005), held that the time limit for filing a postverdict motion for a new trial under Rule 33 of the Federal Rules of Criminal Procedure is a nonjurisdictional claim-processing rule that operates only in a case already under a court’s jurisdiction. Finally, in *Arbaugh v. Y&H Corp.*, 546 U.S. 500 (2006), the Court held that the statutory requirement that only employers with more than 15 employees are subject to Title VII is a nonjurisdictional element of the claim that could be waived by a defendant, rather than a jurisdictional prerequisite. In the process, the Court imposed a bright-line presumption against jurisdictionality if Congress did not rank a limitation on statutory coverage as jurisdictional.

These cases cautioned care in the characterization process and appeared to chart a course scaling back jurisdictional rulings. But, beginning in 2007, the Court abruptly shifted course and decided two cases that returned to jurisdictional labels.

In *Bowles v. Russell*, 551 U.S. 205 (2007), the Court held that the time limit for filing a notice of appeal in a civil action is jurisdictional. The Court relied principally on the fact that the Supreme Court itself had consistently characterized the deadline as jurisdictional for 150 years. In addition, the Court drew a distinction between emphatic time limits contained in a statute and those contained in nonstatutory rules. The former, explained the Court, are limitations imposed by Congress, which is the branch that controls the jurisdiction of the federal courts. The Court marginalized *Kontrick*, *Eberhart*, *Scarborough*, and *Arbaugh*, distinguishing them on their facts and dismissing their generalized antijurisdiction sentiments as dicta.

In *John R. Sand & Gravel Co. v. United States*, 128 S. Ct. 750 (2008), the Court held that the six-year limitations period for suits against the U.S. government in the Court of Federal Claims was a “more absolute” time bar than normal statutes of limitations. The Court meticulously avoided characterizing the statute “jurisdictional,” as long-standing precedent had, but it also did not characterize the time bar as nonjurisdictional. Instead, the Court focused on the effects of the time bar and held that the time bar requires *sua sponte* consideration by a Court of Appeals even after final judgment and even over an express waiver by the United States.

Reed Elsevier, then, presents an opportunity for the Court to bring some stability to jurisdictional characterization doctrine. For example, by reaffirming the general path taken by cases such as *Kontrick* and *Arbaugh* while limiting *Bowles* and *John R. Sand* to their peculiar circumstances, the Court could restore the sentiment that jurisdictional

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limitations are rare and should be characterized carefully. Or, on the other hand, by continuing to marginalize the *Kontrick* line of cases while drawing upon *Bowles*, the Court could chart a new path that takes a more robust view of jurisdictionality. Either way, the Court has the opportunity to provide some clarity to an area of the law that desperately needs it.

A complicating twist is that a determination that § 411(a) is nonjurisdictional may not actually result in reversal. As recognized by the solicitor general in her brief and by scholars cited in other briefs, a restriction may be nonjurisdictional but have jurisdictional traits. For example, the solicitor general herself, despite arguing that § 411(a) should be characterized as nonjurisdictional, suggests that § 411(a) should have the jurisdictional feature of requiring district courts to raise the registration issue *sua sponte*. But nonjurisdictional rules could have other jurisdictional attributes besides a *sua sponte* requirement. The Court itself recognized in *Kontrick* that certain nonjurisdictional rules might nevertheless be nonwaivable. If, therefore, the Court determines that § 411(a) is a nonjurisdictional limitation that nevertheless is nonwaivable, it may answer the question presented as urged by both the petitioners and respondents yet still affirm the Second Circuit's judgment.

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